GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:1351
ANSWERED ON:08.03.2002
LIFTING OF CONTROLS IMPOSED ON SUGARCANE BASED INDUSTRIES
SUBODH MOHITE

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government propose to lift all controls and regulations imposed on sugarcane based industries to face free trade regime under W.T.O.;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) the other measures suggested for growth of sugarcane based industries in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI V. SREENIVASA PRASAD)

(a),(b)&(c): The major sugarcane based industry is sugar industry. As regards price and distributional control sugar, the Government has decided to effect complete decontrol of sugar after operationalisation of futures/forward trading in sugar in 2002-03 financial year. As regards trade in sugar, the Government has issued an order under the title ` Removal of(Licensing Requirements, Stock Limits& Movement Restrictions) on Specified Foodstuffs Order, 2002` on 15th February, 2002.With the coming into effect of this Order, any dealer may freely buy, stock, sell, transport, distribute, dispose, acquire, use or consume any quantity of, inter alia, sugar and shall not require a permit or licence therefore. The Order shall have effect after 30 days from the date of its issue notwithstanding anything contrary in any order made by a State Government before the commencement of the Order. Issue of any control order by the State Governments under the delegated powers for regulating by licenses, permits or otherwise, the storage, transport, distribution, etc. of the specified commodities shall require the prior concurrence of the Central Government. However, nothing contained in this Order shall affect the operation of the Public Distribution System (Control) Order, 2001 issued by the Central Government and orders of the State Governments issued in pursuance thereof

(d): The Government has been taking appropriate measures from time to time for promoting growth of sugar industry. In this regard, the Government has taken/is taking the following measures:-

1. Government has delicensed the sugar industry. The entrepreneurs are free to set up a new sugar mill up to any capacity or expand the capacity of the existing mills according to their best commercial judgement. The only stipulation prescribed by the Government is that the minimum distance between an existing sugar factory and a proposed sugar factory should not be less than 15 kms.

2. Government has decided to completely decontrol the Sugar Industry in a phased manner. The compulsory levy obligation of the sugar factories was reduced from 40% to 30% w.e.f. 1.1.2000 . The compulsory levy obligation has been further reduced to 15% and 10% w.e.f. 1.2.2001 and

1.3.2002 respectively.

3. Government is boosting export of sugar and has taken the following measures:-

(i) The quantitative restrictions on export of sugar have been lifted.

(ii) The requirement of registration of quantity to be exported with the Agricultural Processed Food Export Development Agency (APEDA) has been dispensed with.

(iii) Sugar factories exporting sugar have been allowed exemption from levy on the quantity of sugar exported.

(iv) The adjustment in freesale stocks of sugar factories exporting sugar is being made at the end of 18 months from the date of export.

(v) Duty Entitlement Pass Book (DEPB) benefit @ 5% on the f.o.b. value of exports has been allowed on export of sugar.

4 . Apart from the above, the Government is providing financial assistance from the Sugar Development Fund through loans for modernization, technology upgradation and for sugarcane development and grants-in-aid for research for the advancement of the sugar industry. Further, the Government has recently taken the following decisions for promoting growth of sugar industry:-

(i) Government has decided to undertake legislation to amend the Sugar Development Fund Act, 1982 for enabling it to grant loans from the SDF at concessional rate of interest to the sugarfactories or units thereof for undertaking bagasse-based co-generation of power projects and for production of anhydrous alcohol/ethanol from alcohol to improve the viability of the sugar factories.

(ii) Government has decided to undertake legislation to amend the sugar Development Fund Act, 1982 for enabling it to defray expenditure from the SDF on internal transport and freight charges on export shipments of sugar to promote export of sugar.